

COMMITTEE ON GOVERNMENT REFORM
SUBCOMMITTEE ON TECHNOLOGY, INFORMATION POLICY, INTERGOVERNMENTAL
RELATIONS AND THE CENSUS
CONGRESSMAN ADAM PUTNAM, CHAIRMAN



OVERSIGHT HEARING
STATEMENT BY ADAM PUTNAM, CHAIRMAN

Hearing topic: *Identify, Disrupt, and Dismantle:*
Coordinating the Government's Attack on Terrorist Financing

Monday, December 15, 2003

11:00 a.m.

Tampa Port Authority Headquarters
Tampa, Florida

OPENING STATEMENT

One of the most effective ways to prevent future terrorist attacks on Americans and our allies is to disrupt the flow of the funds that finance terrorist organizations. This is a complex challenge for several reasons: Federal agencies and state and local law enforcement must coordinate efforts with the private sector to identify transactions that should raise suspicion. Considering the amount of information collected everyday by banks and other financial institutions, this is a daunting task. In addition, the way terrorists move money through our financial institutions makes it more difficult to identify and dismantle their funding schemes. However, we cannot let the expense and difficulty of the task keep us from pursuing and accomplishing this critical national security goal.

Federal and local law enforcement have worked together for years to uncover money laundering activity. Through the Bank Secrecy Act, The Money Laundering Control Act and the National Money Laundering Strategy, Congress has given agencies the legislative tools to implement policies that help law enforcement identify illicit financial activity. The focus of these efforts shifted a little after the attacks of 9/11. While there are some similarities in the way money is moved in money laundering schemes, terrorist financing often finds its source in seemingly legitimate organizations. Illicit funds provided through money laundering can and do provide a ready source of money for terrorists. The full scope of terrorist financing, however, is much larger.

One of the greatest challenges we face is how to improve coordination and information sharing between Federal agencies, such as Treasury, DHS, FBI and State Department, with local authorities and private institutions. While the use of emerging information technology can greatly assist in coordinating efforts as well as identifying and tracking suspicious financial data, the right policy and trained

personnel are essential in accomplishing our goal, and as always, we must be mindful of the need to protect civil liberties as well as the privacy and physical security of financial data being gathered and analyzed.

Congress and the Administration have done extensive work already in setting sound policy to assist in the task of shutting down terrorist financing. Enactment of the USA PATRIOT Act and creation of the Department of Homeland Security (DHS) in response to 9/11 has required federal agencies to alter the way financial crimes are defined and targeted, with an emphasis on the much needed coordination between agencies. Congress will also be reassessing the National Money Laundering Strategy in the coming year to determine whether and how it should be renewed since it is currently authorized only through 2003. Finally, it is critical that Congress continue to exercise its oversight responsibilities as agencies learn to leverage resources and utilize information technology effectively and efficiently.